

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7728**

**BILL NUMBER: HB 1700**

**DATE PREPARED:** Feb 2, 2001

**BILL AMENDED:**

**SUBJECT:** Mental Health Provider Determination.

**FISCAL ANALYST:** Kathy Norris

**PHONE NUMBER:** 234-1360

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

X

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the Division of Mental Health may not enter into a contract for the provision of services within a geographic area with a new provider unless the Director determines that the services cannot be provided by existing providers.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** This bill requires the Division of Mental Health to promulgate rules defining a process for the assessment of existing providers to determine their ability to render services to the eligible population in the service area. Before a new provider in a service area could be awarded a contract, the Director would be required to assess the ability of the existing provider of services for the service area to continue the provision of services. The Division assumes this provision would require a contract for an independent assessment of the existing provider. The Division should be capable of assuming the cost of defining the assessment process and promulgating the required rule within the current level of funding. The cost of an independent assessment would be dependent upon the rule promulgated for the assessment process and the number of times new providers might enter an existing service area.

This bill would limit any benefit that the Division might experience as a result of competition in any given service area.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Should a lack of competition result in higher costs for local services, it is anticipated that mental health services ordered by local judges and paid for from property tax dollars would be impacted, as well as State expenditures.

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Division of Mental Health.

**Local Agencies Affected:**

**Information Sources:** Susan Preble, Legislative Liaison, Family and Social Services Administration, (317)-232-1149.